

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 52964 / December 16, 2005

INVESTMENT ADVISERS ACT OF 1940  
Release No. 2463 / December 16, 2005

Administrative Proceeding File No. 3-12129

IN THE MATTER OF SKIFTER AJRO

The Commission today issued an Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act) and Section 203(f) of the Investment Advisers Act of 1940 (Advisers Act) and Notice of Hearing (the Order) against Skifter Ajro of Milford, Massachusetts.

The Division of Enforcement (Division) alleges in the Order that from April 2001 until at least June 2003, Ajro was employed by Prudential Securities, Inc., then a registered broker-dealer and investment adviser. The Division alleges that, on August 2, 2005, the United States Attorney for the District of Massachusetts filed a criminal Information against Ajro concerning his use of deceptive trading practices to market time in mutual funds. The Information charged Ajro with two counts of violating Section 10(b) of the Exchange Act and two counts of wire fraud. The case was filed in United States District Court for the District of Massachusetts and is entitled *United States v. Skifter Ajro*, (Criminal No. 05-CR-10194NMG). The Information charged that, from at least April 2001 through in or about October 2003, Ajro defrauded mutual funds by employing various deceptive and fraudulent acts and practices to execute prohibited market timing trades on behalf of seven hedge fund customers. According to the Information, Ajro's deceptive and fraudulent conduct consisted of three basic categories of conduct: (1) creating and using multiple customer account numbers; (2) creating and using multiple financial advisor, or "FA" numbers; and (3) making affirmative representations and material omissions to employees at mutual fund companies about the true nature and extent of his market timing, all for the purpose of avoiding detection by mutual funds. The Information alleges, among other things, that Ajro engaged in this conduct after he was notified, explicitly and repeatedly, both that mutual fund companies prohibited his customers' market timing activity, and, in some cases, that mutual fund companies had precluded Ajro from further trading because of repeated violations of their prospectus limitations. According to the Information, Ajro generated in excess of \$200,000 in net commissions as a result of his deceptive and fraudulent scheme. The Division further alleges that, on August 9, 2005, Ajro pled guilty to the four counts alleged in the Information, including the violations of Section 10(b) of the Exchange Act described above.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide Ajro an opportunity to dispute the

allegations, and to determine what, if any, remedial action is appropriate and in the public interest pursuant to Section 15(b) of the Exchange Act or Section 203(f) of the Advisers Act. The Order requires the Administrative Law Judge to issue an initial decision no later than 210 days from the date of service of the Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.